



Janet Napolitano, Governor

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AMNESTY PROGRAM RUNNING STRONG

As of September 29, 2003, taxpayers reported nearly \$2.6 million in underreported or non-filed taxes. The tax amnesty website received almost 22,000 hits. Over 12,000 returns were downloaded with the most popular years being 1993-2001. Tax amnesty applications downloaded is over 12,000 as well.

Maricopa County Sheriff Joe Arpaio and Chairman, CEO and Managing General Partner of the Phoenix Suns and Arizona Diamondbacks Jerry Colangelo teamed up with Arizona Department of Revenue Director J. Elliott Hibbs to promote the program. The public service announcement (PSA) will be televised statewide through a cooperative effort of various local stations and cable television companies. Also being distributed statewide are 15-, 30-, and 60-second radio PSAs. All efforts were produced inhouse.

Various reasons are being given for taxpayers requesting amnesty.

- Knew I owed, but didn't want to pay.
- Thought I had filed, then found the original in my files.
- Making such large payments with the IRS, I didn't even think about the state.
- Kept moving and lost tax documents and W2s.
- Afraid to file late because of the tales of what IRS would do. In short, I was "tired of running, prayed and just wanted to get this over with."

The Arizona Tax Amnesty Program is being offered now through October 31st. For more information on the program, visit www.taxamnesty.az.gov or call 602-364-3550 or toll free from area codes 928 & 520, 1-800-352-4090.

ARIZONA DEPARTMENT OF REVENUE

MISSION STATEMENT

The purpose of the Arizona Department of Revenue is to promote voluntary compliance with all tax obligations through fair administration, firm enforcement, and prompt and courteous service in a manner that justifies the highest degree of public confidence in our efficiency and integrity.

WE'RE ON THE WEB!

The Arizona TaxNews can be viewed on our Internet website:

www.revenue.state.az.us



Maricopa County Sheriff Joe Arpaio



Chairman, CEO and Managing General Partner of the Phoenix Suns and Arizona Diamondbacks Jerry Colangelo

*** REMINDER ***

FOR NON-EFT TPT FILERS

To avoid a delinquency, postmark your September 2003 TPT return no later than October 27, 2003 or deliver to DOR no later than October 30, 2003.

August Summary of General Fund Revenues

| | August 2003 | Fiscal Year Total |
|---|---------------|-------------------|
| Individual Income Tax | | |
| Net Collections | \$151,465,431 | \$286,913,354 |
| Percent Change* | 9.4% | 4.5% |
| Corporate Income Tax | | |
| Net Collections | \$7,256,012 | \$24,224,434 |
| Percent Change* | (28.3%) | (8.0%) |
| Transaction Privilege, Severance & Use Taxes | | |
| Net Collections | \$261,639,289 | \$532,737,184 |
| Change* | 7.4% | 6.2% |
| Total Big Three Tax Types | | |
| Net Collections | \$420,360,732 | \$843,874,972 |
| Percent Change* | 7.2% | 5.2% |

() Decrease from same month last year.

* Percent change from same month last year.

Individual Income Tax

Individual Income Tax Receipts

| | August 2003 | August 2002 | % Change |
|--------------------------|----------------------|----------------------|---------------|
| Gross Collections | \$13,138,440 | \$11,039,878 | 19.0 |
| Withholding | 179,843,713 | 180,450,199 | (0.3) |
| Refunds | (11,094,625) | (17,140,507) | (35.3) |
| Urban Rev Sharing | (30,422,097) | (35,879,921) | (15.2) |
| Net Collections | \$151,465,431 | \$138,469,649 | 9.4 |
| | | | % |
| Fiscal Year Total | (02/03) | (01/02) | Change |
| Gross Collections | \$22,957,004 | \$20,824,304 | 10.2 |
| Withholding | 348,036,097 | 366,547,555 | (5.1) |
| Refunds | (23,235,554) | (41,182,924) | (43.6) |
| Urban Revenue Sharing | (60,844,193) | (71,759,842) | (15.2) |
| Net Collections | \$286,913,354 | \$274,429,093 | 4.5 |

Included in the refund amounts above are refunds relating to the alternative fuel vehicle income tax credit. After offsetting \$28,735 in tax liability, \$10,715 was refunded. This amount does not include withholding and estimated payments returned to taxpayers because their liability was covered by the alternative fuel vehicle credit.

TAX CALENDAR

OCTOBER 2003

| Due Date | | For Period Ending |
|----------|--|--------------------------|
| 13 | Columbus Day (observed) | All State Offices Closed |
| 15 | Income Tax Returns: | 6/30/03 |
| | Form 120: Corporation | |
| | Form 140: Individual | |
| | Form 141: Fiduciary | |
| | Form 165: Partnership | |
| 15 | Form 120: Corporation with Automatic Extension | 12/31/02 |
| 15 | Form 120S: S Corporation | 7/31/03 |
| 15 | Exempt Organizations | 5/31/03 |
| | Form 99: Annual Information Return | |
| | Form 99T: Unrelated Business Income | |
| 15 | Form 120ES: Estimated Tax Payment, Corporation | |
| | First Installment | 6/30/04 |
| | Second Installment | 4/30/04 |
| | Third Installment | 1/31/04 |
| | Fourth Installment | 10/31/03 |
| 20 | Form TPT-1: Transaction Privilege Tax: September Monthly Filers and Quarterly Filers | 9/30/03 |
| 20 | Bingo: Financial Reports | 9/30/03 |
| 20 | Luxury Tax: Various Forms | 9/30/03 |
| 27 | EFT Form TPT-1 and Payment: Transaction Privilege Tax: September Monthly Filers | 9/30/03 |
| 31 | Withholding Tax: Form A1-QRT | 9/30/03 |

Withholding Tax Payment Information:

If the average amount of Arizona income taxes withheld in the preceding four calendar quarters **exceeds** \$1,500 the employer must make its Arizona withholding payments to the Department of Revenue at the same time as the employer is required to make federal withholding deposits.

If the average amount of Arizona income taxes withheld in the preceding four calendar quarters **does not exceed** \$1,500 the employer must make its Arizona withholding payments to the department on a quarterly basis.

The *Arizona TaxNews* is a publication of the Arizona Department of Revenue. Information contained herein is of a general nature and is not designed to address complex issues in detail. Taxpayers requiring information concerning a specific tax matter should contact the appropriate office. This newsletter is available in an alternative format upon request. Subscription information may be obtained from the Publications Unit at 602-716-6797 or toll free from area codes 520 & 928, 1-877-863-0655.

E-FILE SEMINARS SLATED

This year's FREE IRS & DOR e-file seminars are quickly approaching. These seminars are geared toward those currently not enrolled in the electronic filing program as well as current EROs (Electronic Return Originators).

The morning sessions are directed at those currently not electronically filing and will discuss the transmission and acknowledgement process, benefits of e-filing and a Q&A session. The afternoon sessions will be aimed at updating the current EROs with the latest information for 2003, e-filing business returns, avoiding the most common mistakes and a Q&A session.

Dates, times and locations include:

| | |
|-------------------|----------------|
| Registration: | 8 – 8:30 am |
| Basic Session: | 8:30 am – noon |
| Registration: | 12:30 – 1 pm |
| Advanced Session: | 1 – 5 pm |



Phoenix—October 28, 2003

Industrial Commission,
800 W Washington

Tucson—October 29, 2003

Tucson Main Library
101 N Stone Ave.

For more information, please visit www.revenue.state.az.us or call Community Outreach and Education at 602-716-6793 or toll free from area codes 520 & 928, 1-877-863-0655 for the latest information.

SEATING IS LIMITED SO REGISTER NOW!

FILING REMINDERS

With the additional two month extension approaching, please remember to check the appropriate extension box located on page 1 of the individual or corporate income tax return. Many taxpayers are attaching the extension but not checking the appropriate extension box. To avoid penalty and interest assessments, please mark the extension box as required.

★ ★ ★

For those businesses that use their own TPT-1 or continue to use a copied format of a prior month,

please verify the tax rates are correct and up to date prior to submitting your tax return. Outdated forms or copies you submit, may not contain the current rate and would possibly result in an underpayment of taxes.

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Did you know the Department has dedicated telephone numbers for the practitioner community? For Individual and Corporate Income Tax, it is (602) 542-2132 and for Transaction Privilege Tax and Withholding, it is (602) 542-2054.

ATTN: PRIME CONTRACTORS

SB 1066 was enacted on February 14, 2003 and became effective on May 15, 2003. This bill may affect prime contractors should there be a tax increase in the future. Any contract or written bids made by a prime contractor on or before the effective date of this bill (May 15, 2003) will not be subject to any tax increase that may take place after

the effective date. To qualify for the exemption the prime contractor must maintain sufficient documentation, in a manner and form prescribed by the Department of Revenue to verify the date of the contract or written bid.

CHANGE IN IRS INTEREST RATES FOR THE FOURTH QUARTER OF 2003

IR-2003-110, Sept. 15, 2003

WASHINGTON – The Internal Revenue Service today announced there will be a change in the interest rates for the calendar quarter beginning October 1, 2003. The interest rates are as follows:

- four (4) percent for overpayments [three (3) percent in the case of a corporation];
- four (4) percent for underpayments;
- six (6) percent for large corporate underpayments; and
- one and one-half (1.5) percent for the portion of a corporate overpayment exceeding \$10,000.

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis. For taxpayers other than corporations, the overpayment and underpayment rate is the federal short-term rate plus 3 percentage points. Generally, in the case of a corporation, the underpayment rate is the federal short-term rate plus 3

percentage points and the overpayment rate is the federal short-term rate plus 2 percentage points. The rate for large corporate underpayments is the federal short-term rate plus 5 percentage points. The rate on the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the federal short-term rate plus one-half (0.5) of a percentage point.

The interest rates announced today are computed from the federal short-term rate based on daily compounding determined during July 2003.

For Arizona purposes, the interest rate for both over- and underpayments will be four (4) percent for the calendar quarter beginning October 1, 2003.

ARIZONA TAX TALK 2003

Mark your calendar now for this year's Arizona Tax Talk. Arizona Department of Revenue joins Arizona Forum for the Improvement of Taxation (AFIT) and the Internal Revenue Service for this year's conference.

The cost for the two-day conference will be \$139 per person and will include access to all sessions, handouts, up to 15 hours of continuing professional education (CPE) credit, continental breakfast, lunch and afternoon snacks. Cost for attending one day will be \$100 per person.

Dates scheduled are:

December 2 & 3—Sheraton Phoenix Airport, 1600 S 52nd St., Tempe 85281.

December 9 & 10—Radisson Hotel City Center Tucson, 181 W Broadway, Tucson 85701.

December 16 & 17—Glendale Civic Center, 5750 W Glenn Dr., Glendale 85301

More information will be available soon. Please check the website at www.revenue.state.az.us or call Community OutReach and Education at 602-716-6793 or toll free from area codes 520 & 928, 1-877-863-0655 for additional information.

NEW PHONE SYSTEM FOR DEPARTMENT OF REVENUE

The Phoenix and East Valley Offices of the Department of Revenue recently received a new telephone system. Several previous telephone numbers are no longer in operation—you may receive a recording directing you to the new number. As a courtesy to our practitioner community, we've updated our Practitioner Directory and posted the most commonly used telephone numbers.

ADMINISTRATIVE SERVICES

Assistant Director / General Counsel (non-tax matters)

| | | |
|---------------------------------|----------------------|---------------------|
| | Lisa D Flores | 602-716-6915 |
| Criminal & Civil Investigations | | |
| | William Ward | 602-716-6944 |
| Hearing Office | Jonathan Hadley | 602-716-6947 |
| Tobacco Enforcement Unit | | |
| | Sandy Schwartz | 602-716-6943 |
| Problem Resolution Office | John Sylvester | 602-716-6025 |

COLLECTIONS

| | | |
|--------------------------|-----------------|--------------|
| Bankruptcy Administrator | Renee Jordan | 602-716-6711 |
| Debt Set Off | Mary Ann Garcia | 602-716-6766 |
| Field Administrator | Jeff Caviness | 602-716-6466 |
| Office Administrator | Bob Hommel | 602-716-6413 |
| Lien Supervisor | Gloria Garrick | 602-716-6702 |

DIRECTOR'S OFFICE

602-716-6090

| | | |
|-------------------------------------|----------------|--------------|
| Executive Assistant to the Director | | |
| | Donna Linkous | 602-716-6916 |
| BRITS Project | Lynette States | 602-716-6281 |

EXTERNAL SERVICE & SPECIAL PROJECTS

| | | |
|----------------------------|-----------------------|---------------------|
| Assistant Director | Leigh Cheatham | 602-716-6918 |
| Legislative Liaison Office | Anthony Forschino | 602-716-6921 |
| Public Information Office | Dan Zemke | 602-716-6882 |
| LADEWIG | Tom McGinnis | |
| | | 602-337-7500 x 4726 |

INCOME AUDIT

| | | |
|-----------------------|--------------|---------------------|
| Individual Income Tax | | |
| Deputy Administrator | James Walsh | 602-716-6496 |
| Deputy Administrator | Karen Scholz | 520-628-6321 |
| Deputy Administrator | Scott Curry | 480-545-3550 |
| Deputy Administrator | Char Anthony | |
| | | 602-377-7500 x 4780 |

| | | |
|----------------------|-----------------|---------------------|
| Corporate Income Tax | | |
| Administrator | Donna McCuin | 602-716-6401 |
| Deputy Administrator | Kathy McQuitty | 480-545-3586 |
| Deputy Administrator | Don Bartholomew | 602-716-6391 |
| Deputy Administrator | Ernest Powell | 602-337-7500 x 4784 |
| Deputy Administrator | Lionel Celaya | 520-628-6378 |

INFORMATION TECHNOLOGY

| | | |
|------------------------------|------------------|---------------------|
| CIO | Jane Huff | 602-716-6276 |
| Application Development Team | | |
| | James Yahnke | 602-716-6272 |
| Data Center Support | Peggy Bowcott | 602-716-6277 |
| Enterprise Network Support | | |
| | Tammy Hendricks | 602-716-7070 |

PROCESS ADMINISTRATION

| | | |
|--------------------------------|-----------------|--------------|
| Comptroller | Tom MacConnel | 602-716-6593 |
| Accounts Receivable | Constance Olson | 602-716-6750 |
| Business Tax Processing | Tammy Phelan | 602-716-6172 |
| Electronic Funds Transfer Unit | | |
| | Tom Piner | 602-716-6319 |
| Income Tax Processing | Mary McGrady | 602-716-6223 |
| Incoming Mail Services | Mike Avery | 602-716-6116 |
| Warehouse | Betty Martz | 602-716-6773 |

PROPERTY

| | | |
|---|---------------------|--------------|
| Property Valuation Administrator | | |
| | Cheryl Murray-Leyba | 602-716-6807 |
| Assessment Standards & Equalization Administrator | | |
| | Ed Leyba | 602-716-6817 |

TAXPAYER SERVICES

| | | |
|-------------------------------------|---|---------------------|
| Assistant Director | Marquetta White | 602-716-6048 |
| Tax Practitioner Hotline | | |
| | Business Taxes | 602-542-2054 |
| | Income Taxes | 602-542-2132 |
| Community OutReach and Education | | |
| | Karen Mortimer | 602-716-6828 |
| E-commerce Marketing Executive | | |
| | Donna Muccilli | 602-716-6513 |
| License and Registration | | |
| Administrator | Audrey McGhee | 602-716-6027 |
| License Compliance Manager | | |
| | Kevin Helfrich | 480-507-1267 |
| Penalty Review Unit | | 602-716-7802 |
| Taxpayer Information and Assistance | | |
| Administrator | | 602-716-6052 |
| | Email: TaxpayerAssistance@revenue.state.az.us | |
| Unclaimed Property | Dan Corcoran | 602-364-0380 |

TAX POLICY & RESEARCH

| | | |
|-------------------------------------|---------------------|---------------------|
| Assistant Director | Frank Migray | 602-716-6884 |
| Chief Tax Policy Officer | Sharon Seedall | 602-716-6879 |
| Tax Policy / Business & Income Tax | | 602-716-6803 |
| Individual Income Tax / Appeals | | |
| | Georgia Hudak | 602-716-6497 |
| Corporate Income Tax / Appeals | | |
| | Barbara Rivera | 602-337-7500 x 4783 |
| Transaction Privilege Tax / Appeals | | |
| Administrator/Disclosure Officer | | |
| | Joyce Kinkad | 602-716-6586 |

TRANSACTION PRIVILEGE & USE TAX

| | | |
|---------------------------|--------------------|---------------------|
| Assistant Director | Vince Perez | 602-716-6552 |
| Audit Admin | Miguel Teposte | 602-716-6652 |
| Office Audit Manager | Derl Bellinger | 602-716-6651 |
| Support Services Manager | Miguel Teposte | 602-716-6652 |



AZTAXES.GOV SCHEDULED TO BEGIN JANUARY 2, 2004.

The Department's new website for online filing and registration and future technological improvements, www.AzTaxes.gov, is the product of DOR requirements, input from the practitioner community, and Accenture experience. During the many AzTaxes focus groups, practitioners asked for the capability to access their client's accounts from their own login. We are pleased to announce that AzTaxes will have this capability as part of

Release One which is scheduled to begin operations on January 2, 2004. Once their clients register their practitioners as AzTaxes users for their accounts, the practitioner can login and see a listing of all client accounts to which they've been given AzTaxes access. Practitioners will be able to perform online any of the activities authorized by their client including filing returns, making payments and reviewing account activity.